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INDEPENDENT AUDITOR'S REPORT

June 1, 2004

Members of the Village Council
Village of Mayville, Michigan

We have audited the accompanying general purpose financial statements of the Village of Mayville, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Mayville, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards prescribed by the State Treasurer, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Mayville, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of the State Treasurer.

Members of the Village Council
Page Two
June 1, 2004

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2004, on our consideration of the Village of Mayville, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Mayville. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Gardner, Provenzano & Schauman, P.C.

Certified Public Accountants

	Governmental Fund Type		
	General	Special Revenue	Debt Service
<u>Assets</u>			
Cash	\$ 17,011	\$ 66,015	\$ 86,559
Receivables accounts	23,869	-	-
Due from other funds	42,394	4,880	13,677
Due from other governmental units	-	15,960	-
Prepaid expenses	20,737	1,824	-
Restricted cash	-	-	-
Fixed assets, net of accumulated depreciation	-	-	-
Amount available for debt service	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total Assets	<u>\$ 104,011</u>	<u>\$ 88,679</u>	<u>\$ 100,236</u>
<u>Liabilities and Fund Equity</u>			
<u>Liabilities</u>			
Accounts payable	10,719	596	-
Accrued expenses	1,441	-	-
Contracts payable	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	28,481	2,290
Revenue bonds payable	-	-	-
Total Liabilities	<u>12,160</u>	<u>29,077</u>	<u>2,290</u>
<u>Fund Equity</u>			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings			
Bond indenture reserves	-	-	-
Unreserved	-	-	-
Fund balances			
Designated	2,625	-	-
Undesignated	89,226	59,602	97,946
Total Fund Equity	<u>91,851</u>	<u>59,602</u>	<u>97,946</u>
Total Fund Liabilities and Fund Equity	<u>\$ 104,011</u>	<u>\$ 88,679</u>	<u>\$ 100,236</u>

The accompanying notes are an integral part of these financial statements.

Mayville
Balance Sheet
by Account Groups
for 2004
(as at March 31, 2003)

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	Long-Term Debt	2004	2003
Enterprise				
\$ 73,474	\$ -	\$ -	\$ 243,059	\$ 199,804
80,185	-	-	104,054	108,062
29,408	-	-	90,359	105,839
-	-	-	15,960	13,947
5,266	-	-	27,827	21,950
50,000	-	-	50,000	50,000
1,599,270	1,049,108	-	2,648,378	2,633,575
-	-	100,236	100,236	90,546
-	-	1,197,784	1,197,784	1,191,674
<u>\$ 1,837,603</u>	<u>\$ 1,049,108</u>	<u>\$ 1,298,020</u>	<u>\$ 4,477,657</u>	<u>\$ 4,415,397</u>
2,764	-	-	14,079	9,858
-	-	-	1,441	469
-	-	1,298,020	1,298,020	1,282,220
-	-	-	-	20,100
59,588	-	-	90,359	105,839
590,000	-	-	590,000	615,000
<u>652,352</u>	<u>-</u>	<u>1,298,020</u>	<u>1,993,899</u>	<u>2,033,486</u>
588,582	-	-	588,582	617,979
-	1,049,108	-	1,049,108	986,967
50,000	-	-	50,000	50,000
546,669	-	-	546,669	512,634
-	-	-	2,625	15,007
-	-	-	246,774	199,324
<u>1,185,251</u>	<u>1,049,108</u>	<u>-</u>	<u>2,483,758</u>	<u>2,381,911</u>
<u>\$ 1,837,603</u>	<u>\$ 1,049,108</u>	<u>\$ 1,298,020</u>	<u>\$ 4,477,657</u>	<u>\$ 4,415,397</u>

Village of Mayville
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	General	Special Revenue	Debt Service	Totals (Memorandum Only) 2004	2003
Revenues					
Taxes	\$ 144,817	\$ 49,008	\$ -	\$ 193,825	\$ 190,101
Licenses and permits	425	-	-	425	335
Grants	31,759	-	-	31,759	-
Intergovernmental revenues	150,887	100,583	-	251,470	280,659
Charges for services	116,287	-	54,707	170,994	160,849
Fundraising	-	190	-	190	185
Fines and forfeits	3,780	-	-	3,780	4,247
Interest	441	396	641	1,478	3,018
Other	12,393	100	-	12,493	8,093
Total Revenues	460,789	150,277	55,348	666,414	647,487
Expenditures					
General government	175,955	2,410	-	178,365	170,590
Public safety	195,990	-	-	195,990	181,723
Highways and streets	18,795	85,952	-	104,747	238,238
Sanitation	42,277	-	-	42,277	42,101
Capital outlay	62,141	-	-	62,141	7,175
Debt service	-	-	15,000	15,000	34,158
Interest and fiscal charges	-	-	63,326	63,326	66,502
Total Expenditures	495,158	88,362	78,326	661,846	740,487
Excess (Deficiency) of Revenues Over Expenditures	(34,369)	61,915	(22,978)	4,568	(93,000)
Other Financing Sources (Uses)					
Operating transfers in	30,500	10,165	30,378	71,043	43,274
Operating transfers out	-	(40,543)	-	(40,543)	(43,274)
Total Other Financing Sources (Uses)	30,500	(30,378)	30,378	30,500	-
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources	(3,869)	31,537	7,400	35,068	(93,000)
Fund Balances, Beginning	95,720	28,065	90,546	214,331	307,331
Fund Balances, Ending	\$ 91,851	\$ 59,602	\$ 97,946	\$ 249,399	\$ 214,331

The accompanying notes are an integral part of these financial statements.

Village of Mayville
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-General and Special Revenue
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenues						
Taxes	\$ 142,527	\$ 144,817	\$ 2,290	\$ 52,635	\$ 49,008	\$ (3,627)
Grants	31,759	31,759	-	-	-	-
License and permits	425	425	-	-	-	-
Intergovernmental	148,656	150,887	2,231	96,677	100,583	3,906
Charges for services	110,200	116,287	6,087	-	-	-
Fundraising	-	-	-	190	190	-
Fine and forfeits	4,400	3,780	(620)	-	-	-
Interest	420	441	21	370	396	26
Other	11,971	12,393	422	350	100	(250)
Total Revenues	<u>450,358</u>	<u>460,789</u>	<u>10,431</u>	<u>150,222</u>	<u>150,277</u>	<u>55</u>
Expenditures						
General government	162,595	175,955	13,360	4,872	2,410	(2,462)
Public safety	174,604	195,990	21,386	-	-	-
Highways and streets	17,721	18,795	1,074	87,719	85,952	(1,767)
Sanitation	42,252	42,277	25	-	-	-
Capital outlay	49,066	62,141	13,075	-	-	-
Debt service	-	-	-	-	-	-
Total Expenditures	<u>446,238</u>	<u>495,158</u>	<u>48,920</u>	<u>92,591</u>	<u>88,362</u>	<u>(4,229)</u>
Excess (Deficiency) of Expenditures	<u>4,120</u>	<u>(34,369)</u>	<u>(38,489)</u>	<u>57,631</u>	<u>61,915</u>	<u>4,284</u>
Other Financing Sources (Uses)						
Proceeds from equipment lease	-	30,500	30,500	-	-	-
Transfers in	-	-	-	-	10,165	10,165
Transfers out	-	-	-	(32,668)	(40,543)	(7,875)
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,500</u>	<u>30,500</u>	<u>(32,668)</u>	<u>(30,378)</u>	<u>2,290</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>4,120</u>	<u>(3,869)</u>	<u>(7,989)</u>	<u>24,963</u>	<u>31,537</u>	<u>6,574</u>
Fund Balances, Beginning	<u>95,720</u>	<u>95,720</u>	<u>-</u>	<u>28,065</u>	<u>28,065</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 99,840</u>	<u>\$ 91,851</u>	<u>\$ (7,989)</u>	<u>\$ 53,028</u>	<u>\$ 59,602</u>	<u>\$ 6,574</u>

The accompanying notes are an integral part of these financial statements.

Village of Mayville
Combined Statements of Revenues and Expenses
Enterprise Funds
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues		
Charges for service	<u>\$ 243,176</u>	<u>\$ 206,299</u>
Total Operating Revenue	<u>243,176</u>	<u>206,299</u>
Operating Expenses		
Personal services	46,443	40,329
Contractual services	18,157	25,098
Supplies	42,606	29,955
Utilities	9,219	12,016
Depreciation	63,972	62,762
Insurance	5,534	4,884
Miscellaneous	29,587	5,691
Total Operating Expenses	<u>215,518</u>	<u>180,735</u>
Operating Income (Loss)	<u>27,658</u>	<u>25,564</u>
Nonoperating Revenue (Expenses)		
Interest earned	7,105	5,107
Interest and fiscal charges	<u>(30,125)</u>	<u>(31,250)</u>
Total Nonoperating Revenues (Expenses)	<u>(23,020)</u>	<u>(26,143)</u>
Net Income (Loss)	<u><u>\$ 4,638</u></u>	<u><u>\$ (579)</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Mayville
Combined Statements of Changes in Retained Earnings
Enterprise Funds
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Retained Earnings, Beginning	\$ 562,634	\$ 533,816
Net Income (Loss)	4,638	(579)
Add: Depreciation expense attributable to contributed capital	<u>29,397</u>	<u>29,397</u>
Retained Earnings, Ending	<u><u>\$ 596,669</u></u>	<u><u>\$ 562,634</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Mayville
Combined Statements of Cash Flows
Enterprise Funds
For the Year Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Net income (loss)	4,638	(579)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	63,972	62,762
Decrease (increase) in		
Accounts receivable	1,699	(7,078)
Due from other funds	866	3,255
Prepaid expense	(1,113)	(1,466)
Increase (decrease) in		
Accounts payable	1,168	(5,026)
Due to other funds	(15,243)	13,778
Net Cash Provided by Operating Activities	<u>55,987</u>	<u>65,646</u>
Cash Flows From Investing Activities		
Purchase fixed assets	<u>(16,634)</u>	<u>(51,186)</u>
Net Cash Provided by Investing Activities	<u>(16,634)</u>	<u>(51,186)</u>
Cash Flows From Financing Activities		
Payment of bonds payable	<u>(25,000)</u>	<u>(20,000)</u>
Net Cash Provided by Financing Activities	<u>(25,000)</u>	<u>(20,000)</u>
Net Increase in Cash	14,353	(5,540)
Cash and Cash Equivalents, Beginning	<u>59,121</u>	<u>64,661</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 73,474</u></u>	<u><u>\$ 59,121</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Description of Village Operations and Fund Types

The Village of Mayville, located in Tuscola County, Michigan, was incorporated as a general law village under the provisions of Act 3 of 1895, as amended. The Village operates under elected Village Council to provide municipal services to approximately 1,048 residents.

The criteria established by the National Council on Governmental Accounting (NCGA) for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Village. Educational services are provided through a local school district, which is a separate governmental entity; and therefore, it is not represented in the financial statements included herein. In addition, this report does not include the financial statements of the Mayville Public Library or Mayville Area Ambulance Service, which operate autonomously under intergovernmental service agreements.

The financial statements of the Village of Mayville are prepared with Generally Accepted Accounting Principles (GAAP). The Village reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Description of Village Operations and Fund Types (continued)

Basis of Presentation

The financial activities of the Village are recorded in separate funds and account groups, categorized below:

GOVERNMENTAL FUNDS

General Fund--This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, state shared revenues, and charges for services to provide for the administration and operation of general village government, law enforcement, and fire protection.

Special Revenue Funds--These funds are used to account for specific revenues derived from state and federal grants, General Fund appropriations, and charges for services that are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

Debt Service Funds--These funds are used to record revenues that are restricted for the payment of principal and interest on debt recorded in the General Long-Term Debt Account Group.

PROPRIETARY FUNDS

Enterprise Funds--These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ACCOUNT GROUPS

General Fixed Assets Account Group--This account group presents fixed assets of the Village utilized in its general operations.

General Long-Term Debt Account Group--This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary funds.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Village of Mayville conform to generally accepted accounting principles as applicable to governmental units.

Governmental Funds--All governmental funds utilize the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the fiscal period; expenditures are recognized when the related liability is incurred.

Proprietary Funds--The proprietary funds follow the accrual basis of accounting. Revenues are recognized when earned and expenditures are recognized when the related liability is incurred.

Fixed Assets and Depreciation

Enterprise Funds--The Sewer and Water Fund's property, plant, and equipment are recorded at cost.

Provisions for depreciation are computed on the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives. A summary of property, plant, and equipment capitalized in the Enterprise Funds at March 31, 2004, follows:

	<u>Sewer</u>	<u>Water</u>	<u>Estimated Useful Lives</u>
Land	\$ 25,000	\$ 5,500	
Improvements	1,384,340	1,475,843	
Total	1,409,340	1,481,343	30 - 50 Years
Less: Accumulated depreciation	(785,351)	(506,062)	
Net Fixed Assets	<u>\$ 623,989</u>	<u>\$ 975,281</u>	

Depreciation expense for year ended March 31, 2004, for the sewer and water fund was \$30,626 and \$33,346, respectively.

Property Taxes

Property taxes are levied each July 1 on property located within the Village based on state equalized valuation. Real property taxes not collected by October 1 are turned over to Tuscola County for collection. The county reimburses the Village 100% for the delinquent real taxes.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

For the year ended March 31, 2004, the Village assessed mills as follows: general operation 11.2875 and streets 2.3916, as adjusted by Public Act 5 of 1982 based on taxable valuation of \$13,799,541. The Downtown Development Authority captures property taxes based on taxable value increases in the district determined from the base year.

Budget Variances

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Village incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated. These variances are illustrated on page three of the financial statements.

Cash Equivalents

For the purpose of the statement of cash flows, the Village considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Inventories

Inventories, which are immaterial in amount, are not recognized as an asset in the Enterprise Funds. Supplies, which are also immaterial in amount, are treated as expenditures at the time of purchase in the Governmental Fund types.

Budgets

Budget amounts reflected on page five include board-authorized amendments to the original budget.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Cash and Investments

The Village is authorized by the State of Michigan to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The Village is also authorized to invest in the following:

- a. direct bonds and obligations of the U.S. or agency or instrumentality
- b. CDs, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency
- c. Commercial paper – within three highest rate classifications by at least two rating services, maturing not later than 270 days after the date of purchase. Not more than 50% if any fund may be invested in commercial paper at any time
- d. U.S. or agency repurchase agreements
- e. Bankers' acceptance of U.S. banks
- f. Mutual funds – investments which local unit can make directly

The FDIC insures up to \$100,000 per demand deposit and \$100,000 in time deposits. The Village of Mayville has assigned custodial responsibility to various Trustees in such a way that all deposits of the Village of Mayville are insured. The bank balances of cash and investments at March 31, 2004, were 157,918, and \$144,705 respectively.

NOTE 4—Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 21,206	Major Street	\$ 21,206
	2,290	Storm Sewer	2,290
	3,395	Local	3,395
	2,146	Water	2,146
	13,357	Sewer	13,357
Subtotal	42,394	Subtotal	42,394
Major	3,880	Local	3,880
Water	29,408	Sewer	29,408
Major	1,000	Water	1,000
Storm Sewer	13,677	Sewer	13,677
Total	<u>\$ 90,359</u>	Total	<u>\$ 90,359</u>

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

NOTE 6--Changes in General Fixed Assets

General fixed assets are valued at cost at the time of purchase.

	Balance March 31, 2003	Additions	Deletions	Balance March 31, 2004
Land and building	\$ 195,116	\$ -	\$ -	\$ 195,116
Fire equipment	433,241	21,560	-	454,801
Police equipment	69,385	3,966	-	73,351
Village equipment	261,308	36,615	-	297,923
Park equipment	27,917	-	-	27,917
Total General Fixed Assets	<u>\$ 986,967</u>	<u>\$ 62,141</u>	<u>\$ -</u>	<u>\$ 1,049,108</u>

NOTE 7--Long-Term Debt

Enterprise Funds

The long-term debt of the Village's Enterprise Funds is summarized below:

Direct Village Obligation	Balance March 31, 2003	Additions (Reductions)	Balance March 31, 2004
5.0%, 1981 Water Fund Revenue Bonds	<u>\$ 615,000</u>	<u>\$ (25,000)</u>	<u>\$ 590,000</u>

The long-term debt of the Enterprise Funds consists of Revenue bonds, issued in 1981, for partial payment of improvements to the Mayville Water Supply System. Of the original \$850,000 issuance, \$590,000 remains outstanding. The annual

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Long-Term Debt (continued)

requirements to pay the principal and interest on the Village's revenue bonds follow:

Year Ending 3/31	Water Fund		
	Principal	Interest	Total
2005	\$ 25,000	\$ 28,875	\$ 53,875
2006	25,000	27,625	52,625
2007	25,000	26,375	51,375
2008	30,000	25,000	55,000
2009	30,000	23,500	53,500
2009 - 21	455,000	149,125	604,125
Totals	<u>\$ 590,000</u>	<u>\$ 280,500</u>	<u>\$ 870,500</u>

General Long-Term Debt Account Group

A summary of general long-term debt activity of the Village follows:

Direct Village Obligation	Balance March 31, 2003	Addition	(Reductions)	Balance March 31, 2004
Employee Benefits Payable	\$ 8,220	\$ 300	\$ -	\$ 8,520
Contract Payable	1,274,000	-	(15,000)	1,259,000
Equipment Lease	30,500	-	-	30,500
Total	<u>\$ 1,312,720</u>	<u>\$ 300</u>	<u>\$ (15,000)</u>	<u>\$ 1,298,020</u>

Employee benefits payable consists of accrued compensated absences payable. Contract payable is pursuant to DPW contract between County of Tuscola and the Village of Mayville (see Note 11). Equipment lease consists of a 1998 Dump Truck, which was added to the General Fixed Asset listing. The annual aggregate maturities of the equipment lease and contract payable for the years subsequent to March 31, 2004, are as follows:

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Long-Term Debt (continued)

General Long-Term Debt Account Group (continued)

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 23,056	\$ 65,700	\$ 88,756
2006	23,422	64,513	87,935
2007	25,808	63,256	89,064
2008	26,214	61,927	88,141
2009	19,000	60,552	79,552
Thereafter	1,172,000	1,026,335	2,198,335
	<u>\$ 1,289,500</u>	<u>\$ 1,342,283</u>	<u>\$ 2,631,783</u>

NOTE 8--Restricted Cash

The amount of \$50,000 in the Enterprise Fund is restricted by a bond agreement.

NOTE 9--General Fund Balance

The General Fund Balance had been designated at March 31, 2004, as follows:

	<u>Designated</u>
Designated by Village Council for	
Equipment Purchases	\$ 2,625
	<u>\$ 2,625</u>

NOTE 10--Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village Council participates in the Michigan Municipal League Workers Compensation Fund Self Insurance Pool (SIP), a public entity risk pool currently operating as a common risk management program for public entities in the State of Michigan. The MML Workers' Compensation fund serves more than 800 cities, villages, townships, and other governmental agencies. The Village pays an annual premium to SIP for its worker's compensation coverage. The SIP is self-sustaining through member premiums.

In the event of unusually high claims, the SIP has the authority to bill the Village retroactively. The Village continues to carry commercial insurance for other risks

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 10--Risk Management (continued)

of loss, including employee health and accident insurance.

NOTE 11--Storm Sewer Construction and Financing Contract

The Village of Mayville has entered into a contract with the County of Tuscola dated December 1, 1996, and amended January 1, 1999. The contract provides for the construction and financing of improvements to existing storm sewer systems of the Village of Mayville. It is the intent of the parties that the County of Tuscola issue bonds to pay the cost of construction of \$1,350,000. The bonds, known as Tuscola County Limited Tax General Obligation Bonds (Village of Mayville Storm Water System), were issued April 18, 1999 and bear interest at the rate of 5.125%. Semi-annual payments sufficient to pay interest and principal will be made to the County of Tuscola from the Village of Mayville for a period of forty years or until such times as all bonds issued by the County to finance this project are paid in full.

NOTE 12--Defined Contribution Money Purchase Plan

The Village provides pension benefits for all eligible employees through the Village of Mayville's Money Purchase Plan. The Village contributes 8.25% of annual compensation. Contributions for any year may not exceed the lesser of 25% of each participant's compensation or \$30,000.

During the year ended March 31, 2004, contributions of \$11,520 were made on behalf of the covered employees. Employees contributed \$4,346 to the plan. Current year total payroll and covered payroll were \$234,842 and \$139,636, respectively.

VILLAGE OF MAYVILLE
GENERAL FUND

Village of Mayville
General Fund
Comparative Balance Sheets
March 31, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash and investments	\$ 17,011	\$ 35,220
Accounts receivable	23,869	25,037
Due from other funds	42,394	47,612
Prepaid expenses	20,737	16,357
Total Assets	<u>\$ 104,011</u>	<u>\$ 124,226</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 10,719	\$ 7,937
Accrued expenses	1,441	469
Deferred revenue	-	20,100
Total Liabilities	<u>12,160</u>	<u>28,506</u>
Fund Balance		
Designated	2,625	15,007
Undesignated	89,226	80,713
Total Fund Balance	<u>91,851</u>	<u>95,720</u>
Total Liabilities and Fund Balance	<u>\$ 104,011</u>	<u>\$ 124,226</u>

See independent auditor's report.

Village of Mayville
General Fund
Statement of Revenues
Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Property taxes	\$ 142,527	\$ 144,817	\$ 2,290	\$ 140,485
Licenses and permits	425	425	-	335
COPS grant	1,613	1,613	-	-
Federal fire grant	30,146	30,146	-	-
Intergovernmental Revenues				
State revenue sharing	120,784	125,724	4,940	159,983
Liquor license	1,597	38	(1,559)	1,597
Fire protection contracts	26,275	25,125	(1,150)	25,125
Charges for Services				
Equipment rental	47,000	46,882	(118)	45,821
Garbage collection	43,200	42,698	(502)	42,577
Fire protection	20,000	26,707	6,707	17,743
Traffic Fines	4,400	3,780	(620)	4,247
Other Revenues				
Interest	420	441	21	825
Refunds	7,029	7,125	96	4,303
Miscellaneous	4,942	5,268	326	3,310
Sale of Assets	-	-	-	350
Proceeds from lease	-	30,500	30,500	-
Total Revenues	<u>\$ 450,358</u>	<u>\$ 491,289</u>	<u>\$ 40,931</u>	<u>\$ 446,701</u>

See independent auditor's report.

Village of Mayville
General Fund
Statement of Expenditures-Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Administration				
Salaries and wages	\$ 15,000	\$ 19,929	\$ 4,929	\$ 15,618
Employee benefits	13,000	14,382	1,382	11,172
Office supplies	3,400	3,297	(103)	4,099
Professional Services	3,070	2,818	(252)	3,223
Insurance	17,830	18,281	451	18,421
Membership dues	1,079	1,129	50	50
Elections	2,000	1,564	(436)	655
Ambulance	2,110	2,110	-	2,110
Social security	1,800	2,102	302	2,019
Miscellaneous	565	565	-	2,483
Total Administration	59,854	66,177	6,323	59,850
Police Department				
Salaries and wages	78,544	81,323	2,779	75,389
Supplies	1,500	1,713	213	2,196
Telephone	2,500	2,589	89	2,407
Insurance	21,966	24,377	2,411	21,966
Equipment repairs	-	-	-	157
Maintenance	2,000	1,644	(356)	1,769
Gas and oil	2,500	2,697	197	3,216
Social security	5,882	6,047	165	5,685
Miscellaneous	3,300	3,357	57	2,774
Total Police Department	118,192	123,747	5,555	115,559
Fire Department				
Salaries and wages	30,521	30,521	-	34,221
Professional Services	600	600	-	-
Supplies	5,005	21,618	16,613	10,417
Telephone	1,800	2,042	242	1,858
Insurance	6,178	6,468	290	6,178
Membership dues	425	350	(75)	425
Gas and oil	1,047	1,100	53	801
Repairs and maintenance	2,800	2,386	(414)	3,158
Utilities	3,300	3,408	108	3,875
Social security	2,152	2,152	-	2,230
Miscellaneous	2,584	1,598	(986)	3,001
Total Fire Department	56,412	72,243	15,831	66,164

See independent auditor's report.

Village of Mayville
General Fund
Statement of Expenditures-Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004		Over (Under) Budget	2003
	Budget	Actual		Actual
Expenditures				
Streets and Highways-Utilities	\$ 17,721	\$ 18,795	\$ 1,074	\$ 16,359
Sanitation Contracted Services	42,252	42,277	25	42,101
Village Property, Other				
Salaries and wages	3,599	3,631	32	3,971
Employee benefits	8,000	8,238	238	8,066
Insurance	20,941	21,794	853	21,690
Maintenance	600	51	(549)	545
Gas and oil	4,600	5,096	496	3,727
Maintenance, buildings	4,000	3,204	(796)	4,161
Maintenance, equipment	20,500	21,929	1,429	21,609
Utilities	4,000	4,658	658	4,156
Parks	6,789	8,899	2,110	9,459
Operating supplies	10,168	11,470	1,302	12,732
Telephone	2,400	2,600	200	2,542
Sidewalk repair	5,095	5,095	-	3,529
Storm sewer	3,099	3,531	432	2,009
Miscellaneous	8,950	9,582	632	7,394
Total Village Property, Other	102,741	109,778	7,037	105,590
Capital Outlay				
Police	3,966	3,966	-	-
Fire department	37,118	21,560	(15,558)	5,799
Park	1,867	-	(1,867)	-
Village property, other	6,115	36,615	30,500	1,376
Total Capital Outlay	49,066	62,141	13,075	7,175
Debt Service				
Principal retirement	-	-	-	20,158
Interest payments	-	-	-	2,452
Total Debt Service	-	-	-	22,610
Total Expenditures	446,238	495,158	48,920	435,408
Excess (Deficiency) of Revenue over Expenditures	4,120	(3,869)	(7,989)	11,293
Fund Balance, Beginning	95,720	95,720	-	84,427
Fund Balance, Ending	\$ 99,840	\$ 91,851	\$ (7,989)	\$ 95,720

See independent auditor's report.

VILLAGE OF MAYVILLE
SPECIAL REVENUE FUNDS

Major Street Fund

Local Street Fund

DDA

Village of Mayville
Special Revenue Funds
Combining Balance Sheet
March 31, 2004
(With Comparative Totals March 31, 2003)

	Major Street	Local Street	DDA	Totals	
				2004	2003
<u>Assets</u>					
Cash and investments	\$ 4,479	\$ 2,521	\$ 59,015	\$ 66,015	\$ 42,271
Taxes receivable	-	-	-	-	1,141
Due from other funds	4,880	-	-	4,880	599
Due from other governmental units	11,204	4,756	-	15,960	13,947
Prepaid expense	1,052	772	-	1,824	1,440
Total Assets	<u>\$ 21,615</u>	<u>\$ 8,049</u>	<u>\$ 59,015</u>	<u>\$ 88,679</u>	<u>\$ 59,398</u>
<u>Liabilities and Fund Balances</u>					
Accounts payable	\$ 166	\$ 430	\$ -	\$ 596	\$ 325
Due to other funds	21,206	7,275	-	28,481	31,008
Fund balances	<u>243</u>	<u>344</u>	<u>59,015</u>	<u>59,602</u>	<u>28,065</u>
Total Liabilities and Fund Balances	<u>\$ 21,615</u>	<u>\$ 8,049</u>	<u>\$ 59,015</u>	<u>\$ 88,679</u>	<u>\$ 59,398</u>

See independent auditor's report.

Village of Mayville
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	Major Street	Local Street	DDA	Totals	
				2004	2003
Revenues					
Taxes	\$ 15,189	\$ 15,189	\$ 18,630	\$ 49,008	\$ 49,616
Intergovernmental					
State fuel tax	57,408	24,194	-	81,602	75,647
County	12,669	6,312	-	18,981	18,307
Fundraising	-	-	190	190	185
Interest	-	-	396	396	1,295
Miscellaneous	-	-	100	100	130
Total Revenues	<u>85,266</u>	<u>45,695</u>	<u>19,316</u>	<u>150,277</u>	<u>145,180</u>
Expenditures					
General government	-	-	2,410	2,410	5,150
Highway and streets	44,039	41,913	-	85,952	221,879
Total Expenditures	<u>44,039</u>	<u>41,913</u>	<u>2,410</u>	<u>88,362</u>	<u>227,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>41,227</u>	<u>3,782</u>	<u>16,906</u>	<u>61,915</u>	<u>(81,849)</u>
Other Financing Sources (Uses)					
Transfer in	-	10,165	-	10,165	13,378
Transfers out	(25,354)	(15,189)	-	(40,543)	(43,274)
Total Other Financing Sources (Uses)	<u>(25,354)</u>	<u>(5,024)</u>	<u>-</u>	<u>(30,378)</u>	<u>(29,896)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	15,873	(1,242)	16,906	31,537	(111,745)
Fund Balances, Beginning	(15,630)	1,586	42,109	28,065	139,810
Fund Balances, Ending	<u>\$ 243</u>	<u>\$ 344</u>	<u>\$ 59,015</u>	<u>\$ 59,602</u>	<u>\$ 28,065</u>

See independent auditor's report.

Village of Mayville
Major Street Fund
Comparative Balance Sheets
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash	\$ 4,479	\$ 692
Due from other governmental units	11,204	9,866
Prepaid expense	1,052	831
Due from other funds	4,880	-
Total Assets	<u>\$ 21,615</u>	<u>\$ 11,389</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 166	\$ 37
Due to other funds	21,206	26,982
Fund balance	243	(15,630)
Total Liabilities and Fund Balance	<u>\$ 21,615</u>	<u>\$ 11,389</u>

See independent auditor's report.

Village of Mayville
Major Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004		Over (Under) Budget	2003
	Budget	Actual		Actual
Revenues				
Taxes	\$ 16,334	\$ 15,189	\$ (1,145)	\$ 14,948
Intergovernmental				
State fuel tax	41,380	57,408	16,028	53,514
County road improvement	12,669	12,669	-	12,223
Interest	-	-	-	802
Miscellaneous	-	-	-	30
Total Revenues	<u>70,383</u>	<u>85,266</u>	<u>14,883</u>	<u>81,517</u>
Expenditures				
Routine maintenance				
Salaries & wages	9,500	8,520	(980)	9,663
Materials & supplies	3,897	3,896	(1)	122,049
Equipment rental	11,500	11,140	(360)	10,364
Insurance	2,271	1,478	(793)	1,441
Traffic signs	300	194	(106)	479
Engineering	-	-	-	13,850
Snow and ice removal				
Salaries & wages	4,000	4,193	193	3,860
Materials & supplies	2,600	3,249	649	3,457
Equipment rental	9,500	9,277	(223)	7,879
Administration				
Salaries & wages	600	600	-	2,491
Supplies	524	689	165	380
Equipment rental	263	263	-	842
Contracted services	540	540	-	525
Total Expenditures	<u>45,495</u>	<u>44,039</u>	<u>(1,456)</u>	<u>177,280</u>
Excess (Deficiency) of Revenues Over Expenditures	24,888	41,227	16,339	(95,763)
Other Financing Sources (Uses)				
Operating transfers out	<u>(16,334)</u>	<u>(25,354)</u>	<u>(9,020)</u>	<u>(28,326)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	8,554	15,873	7,319	(124,089)
Fund Balance, Beginning	<u>(15,630)</u>	<u>(15,630)</u>	-	108,459
Fund Balance, Ending	<u>\$ (7,076)</u>	<u>\$ 243</u>	<u>\$ 7,319</u>	<u>\$ (15,630)</u>

See independent auditor's report.

Village of Mayville
Local Street Fund
Comparative Balance Sheets
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash	\$ 2,521	\$ 611
Due from other governmental units	4,756	4,081
Due from other funds	-	599
Prepaid expense	772	609
Total Assets	<u>\$ 8,049</u>	<u>\$ 5,900</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 430	\$ 288
Due to other funds	7,275	4,026
Fund balance	344	1,586
Total Liabilities and Fund Balance	<u>\$ 8,049</u>	<u>\$ 5,900</u>

See independent auditor's report.

Village of Mayville
Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 16,334	\$ 15,189	\$ (1,145)	\$ 14,948
Intergovernmental				
State fuel tax	36,316	24,194	(12,122)	22,133
County bridge tax	6,312	6,312	-	6,084
Miscellaneous	250	-	(250)	-
Total Revenues	<u>59,212</u>	<u>45,695</u>	<u>(13,517)</u>	<u>43,165</u>
Expenditures				
Routine maintenance				
Salaries & wages	7,300	7,278	(22)	6,820
Materials & supplies	10,800	11,123	323	13,753
Equipment rental	9,500	9,522	22	8,562
Insurance	1,808	1,481	(327)	1,199
Engineering	-	-	-	300
Traffic Signs	300	242	(58)	601
Snow and ice removal				
Salaries & wages	2,500	2,460	(40)	2,273
Materials & supplies	4,000	4,034	34	4,528
Equipment rental	4,500	4,604	104	4,217
Administration				
Salaries & wages	615	615	-	1,474
Materials & supplies	14	14	-	-
Equipment rental	347	-	(347)	347
Contracted services	540	540	-	525
Total Expenditures	<u>42,224</u>	<u>41,913</u>	<u>(311)</u>	<u>44,599</u>
Excess (Deficiency) of Revenues Over Expenditures	16,988	3,782	(13,206)	(1,434)
Other Financing Sources (Uses)				
Operating transfer in	-	10,165	10,165	13,378
Operating transfers (out)	<u>(16,334)</u>	<u>(15,189)</u>	<u>1,145</u>	<u>(14,948)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	654	(1,242)	(1,896)	(3,004)
Fund Balance, Beginning	1,586	1,586	-	4,590
Fund Balance, Ending	<u>\$ 2,240</u>	<u>\$ 344</u>	<u>\$ (1,896)</u>	<u>\$ 1,586</u>

See independent auditor's report.

Village of Mayville
DDA
Comparative Balance Sheets
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash and investments	\$ 59,015	\$ 40,968
Taxes receivable	-	1,141
Total Assets	<u>\$ 59,015</u>	<u>\$ 42,109</u>
 <u>Fund Balance</u>		
Fund balance	<u>\$ 59,015</u>	<u>\$ 42,109</u>
Total Fund Balance	<u>\$ 59,015</u>	<u>\$ 42,109</u>

See independent auditor's report.

Village of Mayville
DDA Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2004
(With Comparative Actual Amounts for the Year Ended March 31, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 19,967	\$ 18,630	\$ (1,337)	\$ 19,720
Fundraising	190	190	-	185
Interest	370	396	26	493
Donations	100	100	-	100
Total Revenues	<u>20,627</u>	<u>19,316</u>	<u>(1,311)</u>	<u>20,498</u>
Expenditures				
Miscellaneous	1,060	610	(450)	1,338
Sidewalks	3,812	-	(3,812)	3,812
Engineering	-	1,800	1,800	-
Total Expenditures	<u>4,872</u>	<u>2,410</u>	<u>(2,462)</u>	<u>5,150</u>
Excess (Deficiency) of Revenues Over Expenditures	15,755	16,906	1,151	15,348
Fund Balance, Beginning	42,109	42,109	-	26,761
Fund Balance, Ending	<u>\$ 57,864</u>	<u>\$ 59,015</u>	<u>\$ 1,151</u>	<u>\$ 42,109</u>

See independent auditor's report.

VILLAGE OF MAYVILLE
DEBT SERVICE FUNDS

Storm Sewer

Village of Mayville
Debt Service Fund
Comparative Balance Sheets
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash	\$ 86,559	\$ 63,192
Due from other funds	13,677	27,354
Total Assets	<u>\$ 100,236</u>	<u>\$ 90,546</u>
<u>Liabilities and Fund Balance</u>		
Due to other funds	\$ 2,290	\$ -
Fund Balance	97,946	90,546
Total Liabilities and Fund Balance	<u>\$ 100,236</u>	<u>\$ 90,546</u>

See independent auditor's report.

Village of Mayville
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues		
User fees	\$ 54,707	\$ 54,708
Interest	641	898
Total Revenues	<u>55,348</u>	<u>55,606</u>
Expenditures		
Debt Service		
Principal retirement	15,000	14,000
Interest and fiscal charges	63,326	64,050
Total Expenditures	<u>78,326</u>	<u>78,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,978)</u>	<u>(22,444)</u>
Other Financing Sources (Uses)		
Operating transfers in	<u>30,378</u>	<u>29,896</u>
Total Other Financing Sources (Uses)	<u>30,378</u>	<u>29,896</u>
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources	<u>7,400</u>	<u>7,452</u>
Fund Balances, Beginning	90,546	83,094
Fund Balances, Ending	<u>\$ 97,946</u>	<u>\$ 90,546</u>

See independent auditor's report.

VILLAGE OF MAYVILLE
ENTERPRISE FUNDS

Sewer Fund

Water Fund

Village of Mayville
Enterprise Funds
Combining Balance Sheet
March 31, 2004
(With Comparative Totals at March 31, 2003)

	Sewer	Water	Totals	
			2004	2003
<u>Assets</u>				
Cash and investments	\$ 70,107	\$ 3,367	\$ 73,474	\$ 59,121
Accounts receivable	80,185	-	80,185	81,884
Due from other funds	-	29,408	29,408	30,274
Prepaid expense	2,890	2,376	5,266	4,153
Restricted assets				
Investment	-	50,000	50,000	50,000
Fixed assets,				
net of accumulated depreciation	623,989	975,281	1,599,270	1,646,608
Total Assets	<u>\$ 777,171</u>	<u>\$ 1,060,432</u>	<u>\$ 1,837,603</u>	<u>\$ 1,872,040</u>
<u>Liabilities and Fund Equity</u>				
<u>Liabilities</u>				
Accounts payable	\$ 994	\$ 1,770	\$ 2,764	\$ 1,596
Due to other funds	56,442	3,146	59,588	74,831
Revenue bonds payable	-	590,000	590,000	615,000
Total Liabilities	<u>57,436</u>	<u>594,916</u>	<u>652,352</u>	<u>691,427</u>
<u>Fund Equity</u>				
Contributed capital	380,469	208,113	588,582	617,979
Retained earnings				
Bond indenture reserved	-	50,000	50,000	50,000
Unreserved	339,266	207,403	546,669	512,634
Total Fund Equity	<u>719,735</u>	<u>465,516</u>	<u>1,185,251</u>	<u>1,180,613</u>
Total Liabilities and Fund Equity	<u>\$ 777,171</u>	<u>\$ 1,060,432</u>	<u>\$ 1,837,603</u>	<u>\$ 1,872,040</u>

See independent auditor's report.

Village of Mayville
Enterprise Funds
Combining Statement of Revenues and Expenses
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	<u>Sewer</u>	<u>Water</u>	<u>2004</u>	<u>2003</u>
Operating Revenues				
Charges for services	\$ 75,955	\$ 167,221	\$ 243,176	\$ 206,299
Total Operating Revenues	<u>75,955</u>	<u>167,221</u>	<u>243,176</u>	<u>206,299</u>
Operating Expenses				
Personal services	18,613	27,830	46,443	40,329
Contractual services	6,285	11,872	18,157	25,098
Supplies	26,559	16,047	42,606	29,955
Utilities	1,421	7,798	9,219	12,016
Depreciation	30,626	33,346	63,972	62,762
Insurance	2,943	2,591	5,534	4,884
Miscellaneous	1,525	28,062	29,587	5,691
Total Operating Expenses	<u>87,972</u>	<u>127,546</u>	<u>215,518</u>	<u>180,735</u>
Operating Income (Loss)	<u>(12,017)</u>	<u>39,675</u>	<u>27,658</u>	<u>25,564</u>
Non-operating Revenues (Expenses)				
Interest revenue	5,904	1,201	7,105	5,107
Interest and fiscal charges	<u>-</u>	<u>(30,125)</u>	<u>(30,125)</u>	<u>(31,250)</u>
Total Non-operating Revenues (Expenses)	<u>5,904</u>	<u>(28,924)</u>	<u>(23,020)</u>	<u>(26,143)</u>
Net Income (Loss)	<u>\$ (6,113)</u>	<u>\$ 10,751</u>	<u>\$ 4,638</u>	<u>\$ (579)</u>

See independent auditor's report.

Village of Mayville
Enterprise Funds
Combining Statement of Changes in Retained Earnings
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	<u>Sewer</u>	<u>Water</u>	<u>2004</u>	<u>2003</u>
Retained Earnings, Beginning	\$ 324,242	\$ 238,392	\$ 562,634	\$ 533,816
Net Income (Loss)	(6,113)	10,751	4,638	(579)
Add: Depreciation expense attributable to contributed capital	<u>21,137</u>	<u>8,260</u>	<u>29,397</u>	<u>29,397</u>
Retained Earnings, Ending	<u><u>\$ 339,266</u></u>	<u><u>\$ 257,403</u></u>	<u><u>\$ 596,669</u></u>	<u><u>\$ 562,634</u></u>

See independent auditor's report.

Village of Mayville
Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2004
(With Comparative Totals for the Year Ended March 31, 2003)

	Sewer	Water	Totals 2004	2003
Cash Flows From				
Operating Activities				
Net income (loss)	\$ (6,113)	\$ 10,751	\$ 4,638	\$ (579)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	30,626	33,346	63,972	62,762
Decrease (increase) in				
Accounts receivable	1,699	-	1,699	(7,078)
Due from other funds	-	866	866	3,255
Prepaid expense	(611)	(502)	(1,113)	(1,466)
Increase (decrease) in				
Accounts payable	301	867	1,168	(5,026)
Due to other funds	(12,146)	(3,097)	(15,243)	13,778
Net Cash Provided				
by Operating Activities	<u>13,756</u>	<u>42,231</u>	<u>55,987</u>	<u>65,646</u>
Cash Flows From				
Investing Activities				
Purchased fixed assets	-	(16,634)	(16,634)	(51,186)
Net Cash Provided				
by Investing Activities	<u>-</u>	<u>(16,634)</u>	<u>(16,634)</u>	<u>(51,186)</u>
Cash Flows From				
Financing Activities				
Payment of bonds				
payable	-	(25,000)	(25,000)	(20,000)
Net Cash Provided				
by Financing Activities	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>
Net Increase (Decrease) in Cash	13,756	597	14,353	(5,540)
Cash and Cash Equivalents, Beginning	<u>56,351</u>	<u>2,770</u>	<u>59,121</u>	<u>64,661</u>
Cash and Cash Equivalents, Ending	<u>\$ 70,107</u>	<u>\$ 3,367</u>	<u>\$ 73,474</u>	<u>\$ 59,121</u>

See independent auditor's report.

Village of Mayville
Schedule of Indebtedness
March 31, 2004 and 2003

ENTERPRISE FUNDS

Water Supply System Revenue bonds originally issued April 1, 1981, in the aggregate amount of \$850,000 for the purpose of paying part of the cost of constructing improvements to the Village of Mayville Water Supply System.

Interest Rate	Date of Maturity	Outstanding March 31,	
		2004	2003
5%	10/01/03	\$ -	25,000
5%	10/01/04	25,000	25,000
5%	10/01/05	25,000	25,000
5%	10/01/06	25,000	25,000
5%	10/01/07	30,000	30,000
5%	10/01/08	30,000	30,000
5%	Thereafter	455,000	455,000
		<u>\$ 590,000</u>	<u>\$ 615,000</u>

See independent auditor's report.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

June 1, 2004

Members of the Village Council
Village of Mayville, Michigan

We have audited the general purpose financial statements of Village of Mayville, Michigan, as of and for the year ended March 31, 2004, and have issued our report thereon dated June 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village of Mayville, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Mayville, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over

Members of the Village Council
June 1, 2004
Page Two

financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Village Council and is not intended and should not be used by anyone other than these specified parties.

Gardner, Provencio & Schuman, P.C.

Certified Public Accountants

VILLAGE OF MAYVILLE

MARCH 31, 2004

Officers

Clare Fryers

President

Christine Werner

Treasurer

James Welke

Clerk

Trustees

Kenneth McNinch

Roxann Hiiter

Suzette Bennett

Wanda Topham

Madia Atwell

Cheryl Piche